

MAPES & MILLER

CERTIFIED PUBLIC ACCOUNTANTS

A PARTNERSHIP OF PROFESSIONAL CORPORATIONS

Members of American Institute of Certified Public Accountants
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September 7, 2010

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We have audited the primary government financial statements of the County of Phillips for the year ended December 31, 2009, and have issued our report thereon dated September 7, 2010.

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In planning and performing our audit of the financial statements of the County of Phillips as of and for the year ended December 31, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered the County of Phillips's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Phillips's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Phillips's internal control.

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A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the basis of accounting prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated April 13, 2009, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County of Phillips are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2009. We noted no transactions entered into by the County of Phillips during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Management has not made any estimates for the year ended December 31, 2009.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures can be particularly sensitive because of their significance to financial statement users. For the year ended December 31, 2009, there were no sensitive disclosures that were included in the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of the audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 7, 2010.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We also noted other matters relating to the accounting procedures and system of internal control utilized by the County in maintaining its financial records in accordance with cash basis and budget laws of the State of Kansas.

The following matters as discussed below were considered during our audit of the financial statements as of December 31, 2009, and these comments do not modify the opinion expressed in our audit report on such financial statements and are not considered material weaknesses or significant deficiencies.

This communication is intended solely for the information and use of the governing body and management of the County, others within the organization, and the Kansas Department of Administration, Division of Accounts and Reports and is not intended to be and should not be used by anyone other than these specified parties.

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REGISTER OF DEEDS

Timely Fee Remittances

It was noted during the course of performing our audit procedures that the Register of Deeds is making timely deposits to the Register of Deeds checking account, however is not timely remitting the recording and technology fees from the Register of Deeds checking account to the County Treasurer. It was noted that the remittances had all been made through November 2009 as of December 31, 2009. K.S.A. 28-175 requires officers and employees who collect compensation for the services that they provide be remitted semi-monthly on the 1st and 15th days of each month. We recommend that the recording and technology fees be remitted to the County Treasurer in accordance with the provisions of K.S.A. 28-175. As of the end of August 2010 the Register of Deeds checking account had a balance of \$3,621.46.

Deficit Monies in Bank Account

Our reconciliation of fees collected, but not yet remitted to the County Treasurer, to the reconciled bank balance as of December 31, 2009 resulted in an unidentified deficit in the bank account of \$177.74. We recommend that Register of Deeds deposit this amount to the Register of Deeds checking account.